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# OUR FAILURE IN PORTO RICO.

BY ROY STONE.

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"SAN FRANCISCO, Nov. 25th.—Santiago Iglesias, representative from Porto Rico, addressed the delegates of the American Federation of Labor to-day, and said that the condition of the workmen in his native land was worse under the present régime than under that when Spain was in power. He averred that 600 Porto-Ricans died each month from starvation."—*New York Times*, November 26th, 1904.

"A responsible contractor of San Juan quotes common labor at 30 cents per day of 11 hours, and mechanics at \$1, and adds: 'Laborers are so hard up you can get any amount of them. They will have little or nothing to do, now that the coffee crop is gathered (November), till next August when it begins again.'"—*The Expansionist*, February, 1902.

"I found many thousands of people out of work and in distress . . . an army of idle workmen."—*Mr. Samuel Gompers*, 1905.

"Value of merchandise exported from Porto Rico for 2 years before the American occupation, \$36,051,632; same for 2 years after occupation, \$16,769,040."

THE American people will find it hard to believe the foregoing statements or conceive the conditions they represent, and especially hard to realize that all their good intentions toward the people of Porto Rico have so utterly failed of accomplishment. In all the history of the growth of our country, there never was felt so deep a concern for the welfare of any newcomers under our flag, nor was there ever a more urgent and unanimous mandate issued to the Government to provide liberally for the prosperity and happiness of any of our own new-born States or Territories. And the Porto-Ricans deserved it all. We did not have to buy the Island and fight its people, as we did the Philippines and Filipinos. The Porto-Ricans came to us gladly, and all who could find arms fought for us against Spain. They have waited patiently for the promised blessings to show themselves, wondering all the while why as a part or even an appendage, of a great,

rich, enterprising nation they should be poorer than ever; and why they were obliged to choose between starvation and the distant exile into which many thousands have actually been driven to make a living.

Is it strange that after five years of this misery the Islanders look back with regret to the "good old Spanish days," when, although plundered and oppressed, they had work and food?

True, we have given them probably the best government, and certainly the cheapest, in the world; they have American protection without American taxation; they even receive for themselves the customs revenue, which in the States goes into the National Treasury. True, our Government and our people have bestowed liberal relief and assistance in their time of affliction; peace and good order are secured to them; education and sanitation are well provided for; justice is administered as never before, and the honesty and industry of the American officials are a constant wonder to the Island people.

What, then, do they lack? And why do they lack anything?

A little bit of history will answer these questions; and, strangely enough, will make it appear that they have been literally and actually "killed with kindness."

*The Military Government.*—Our occupation of Porto Rico began in 1898, and the Military Government held control for nearly two years. The greatest physical need of the Island was means of transportation. It had no railroads but a fragmentary Belt Line, which did not serve the interior districts, and only about 150 miles of wagon road for 3,500 square miles of territory. The fine fruits of the interior rotted where they fell, and only such crops were raised as would bear transport by pack-train or human portage. But the Military Government was anxious to avoid scandals regarding franchises, and it discouraged all railroad-building, although abundant capital offered itself for that purpose. Indeed, the Governor volunteered his official opinion that railroads would never pay in an island so small and unproductive; not knowing, apparently, that at that moment almost the best paying railroad in the world was in a small tropical island, which had only a twentieth of the population of Porto Rico, and almost no production at all till after the road was built.

*Civil Government.*—But the opposition to railroads by the

Military Government was as nothing to the paralyzing obstruction later interposed by the Congress of the United States. The "Foraker Law" organizing the Civil Government was framed with the advice and assistance of many well-chosen representatives of the commercial and political interests of Porto Rico; and, when it was passed, these representatives went home contented and full of hope for the future of their beloved Island.

The Foraker Act became a law on April 12, 1900, and for a few weeks the prospects of Porto Rico were so bright that thousands of Americans were drawn toward the Island, and many American and European capitalists turned their attention that way. Preparations were made for investments which would have much more than replaced the Spanish capital withdrawn, and would have given work at good wages to every man on the Island. This, with the good government established, would have made the Porto-Ricans the happiest people on earth. It would, moreover, have given us credit for a grand success in Colonial Administration. The production of the Island would have multiplied ten-fold, and free trade with the United States would have developed the Island's commerce without limit. The chief products of the tropics are in quick demand here, and no other tropical region except the Hawaiian Islands has free entry into this greatest market in the world.

At least ten million dollars was ready to go into railroad building, and as much more each into sugar, coffee, tobacco, and fruit growing. It is safe to say that fifty millions in cash would have gone into the Island on these lines by this time; nearly three times that amount has been invested in Cuba, where there is no prospect of free trade with the United States, and no such supply of cheap labor as in Porto Rico; nor is there any other superior inducement for capital or enterprise.

*The Trust Spectre.*—Unfortunately, however, these preparations for settlement and investment were so much in evidence, and so widely advertised by their promoters, that it was feared by some persons in the States that the people of the Island would be lost in the rush of migration, the land monopolized by corporations and business generally taken possession of by Americans. This danger was purely imaginary. The Porto-Ricans themselves had no such fears; they knew that American labor could not compete with their own in that climate, nor live on the wages paid there;

that the land was already largely monopolized by Spanish owners, but uncultivated for want of capital or enterprise; that land was not required by the agricultural laborers, and could not be profitably worked in small farms, but must be cultivated on a large scale with abundant capital, knowledge and skill; that their working classes only wanted employment at good pay, and that the trading classes could hold their own against any strangers.

But, unfortunately, this groundless apprehension was so strenuously urged upon members of the Committee on Insular Affairs of the House of Representatives that they were deeply impressed and only wanted the opportunity to protect the islanders by some legislation of their own devising.

The Committee was a strong one, composed largely of Chairmen of other Committees. These Chairmen, however, were busy with their own Committees, and the remaining members had a free hand in Insular Affairs; among them there happened to be some extreme advocates of capital restriction, and here was a chance to put their ideas in practice, and try them, on a people who had no voice in the matter.

*Anti-Trust Legislation.*—When the Civil Government went into operation on May 1st, 1900, several requisite appointments had not been made, and some officers of the Military Government were obliged to hold over; but this made these officers liable to lose their army commissions under the standing law on the subject, and it was necessary to suspend that law for this emergency. Senator Foraker, accordingly, introduced and passed through the Senate at once a joint resolution, exempting these officers temporarily from the action of that law. The resolution went to the House of Representatives and to the Committee on Insular Affairs, with the full expectation that it would pass in the House as promptly as in the Senate; but the Committee proceeded to tack on to this harmless, simple measure a complete code of regulations for franchises, and of restrictions upon corporate investment in the Island—such a code as never could have been imposed on any State or Territory in the Union.

The amended resolution was never discussed or understood in the House as being important, but was passed immediately and returned to the Senate, where Senator Foraker, Chairman of the Committee on Porto Rico, and others protested anxiously that the House Amendment endangered all that had been so gener-

ously done for the Island. But President McKinley was anxious about the army officers who were in danger of losing their commissions, and he urged the instant passage of the resolution, saying that it could be corrected, if necessary, later on. The Committee on Porto Rico reluctantly yielded to his request; the resolution passed the Senate as amended; and a million helpless people were doomed to bitter disappointment, a large share of them to dire distress, many to banishment from their homes, and others to a lingering death.

*Restrictions on Corporations.*—The situation at this moment was described in the “Expansionist” as follows:

“Unfortunately, the passage of the Foraker Bill a few weeks before had ‘opened up’ Porto Rico at a time of great buoyancy in business; and numerous companies, with fabulous capital, were understood to have been set afloat for the capture of everything in sight on the island,—lands, mines, railroads, water-powers, municipal franchises, etc., etc. It seemed to the House Committee, therefore, expedient to ‘put up the bars’ and keep Porto Rico from being ravaged by these modern pirates, as it was in ancient days by the buccaneers.

“The Foraker law had given to the Executive Council, a responsible body chosen by the President and confirmed by the Senate, and forming the Upper House of the Legislature, the *full power to grant franchises*, subject only to revision by Congress. The House amendment required the Council to put into the body of every franchise it granted every vexatious restriction and obstacle that any Populist legislature had ever devised; *and, when it came to the question of lands, it cut loose even from Populism.*”

*American Methods of Business.*—The American method of doing business away from home is through corporations. No man of large means would go individually from here to Porto Rico to engage in land operations, when much larger opportunities with surer profit were offered at home; and no man of small means could afford to go there for that purpose.

Even on the Pacific Coast of the United States, where there are vast fountains of natural wealth and a constant inflow of home-seekers and health-seekers bringing capital to invest individually, the greatest development of cultivation has been through corporations formed for the purpose of buying land and improving it with irrigation, drainage, roads, etc., and then selling it to actual cultivators in small parcels.

*Porto Rico's Restrictions.*—Porto Rico is forbidden to have any of this development. Here is the law in brief:

I. No corporation can buy and sell real estate there.

II. While it is necessary to have at least 5,000 acres of cane lands for a profitable sugar-mill, and many of those in Cuba and Hawaii have 20,000 acres, no corporation in Porto Rico can "own or control over 500 acres of land" for any agricultural purpose whatever.

III. No corporation of any kind can own any more land than it uses in its business.

IV. "*No member of any corporation engaged in agriculture shall be in any wise interested in any other corporation engaged in agriculture,*"—that is, a man who has a share of stock in a coffee company cannot buy a share in a sugar company without *breaking a federal law!*

*The Result.*—A few months' experience showed that these "bars" were too high, and it is no wonder that scores of incipient companies, forming for the legitimate development of Porto-Rican agriculture, died a swift death, when their counsel came to look up the law.

*Effects of Restriction.*—In consequence of this legislation, not a mile of new railroad has been built on the Island, excepting a short link previously begun by the French Company to connect up their belt line. The Council has repeatedly granted the best franchises the law permits; extensive surveys have been made throughout the island by various projectors and very satisfactory routes discovered, but the restrictions imposed have always made it impossible to secure capital for construction.

On this subject the "Expansionist" says:

"The Island lacks nothing in the world to make it prosperous but to be set free from these cruel and absurd shackles. Its own Legislature is abundantly competent to make its laws regarding lands, franchises, and corporations generally.

"As to railway franchises, this is a day of magnificent subsidies. Mexico gives \$10,000 per mile in cash, and lands without limit; Canada does nearly the same; tropical countries, to offset their special risks, add mining rights and commercial monopolies to their inducements; while New York City, the home of capital, gets its rapid transit only through the greatest subsidy ever known, that is, by furnishing to the builder and owner the entire capital for construction and equipment. Porto Rico has no lands and no money and no rights to grant."

In addition to these drawbacks, the Council is obliged by the Amendment to put into every franchise it grants a provision that

the same shall be subject to "*amendment, alteration and repeal*," that it shall enable the *taking of the property by the public authorities*, and the *effective regulation of all charges*. With these powers in the hands of a local, foreign and possibly hostile legislative body, the capitalist naturally hesitates to invest.

*Industrial Effects.*—Sugar-making in Porto Rico is extremely profitable as compared with that in Cuba, which pays higher for labor and is subject to about \$25 per ton duty in the United States. It would have been natural that a dozen or twenty great sugar *centrales* should be running in Porto Rico by this time, and probably that number of sites have been selected by American, French, English, and German capitalists; but only one company has been willing to defy the law of the United States and organize openly for the purpose; another party operates lamely as a syndicate, not being able lawfully to incorporate. The Island should produce a half-million tons of sugar annually, but only reaches about 100,000, or much less than in its palmiest Spanish days.

The same conditions obtain in all other lines of business, and the commerce of the Island is actually much less under American than under Spanish rule, though, of course, that with America has increased with free trade there.

For coffee, which was the chief product and export of the Island, the Spanish market was almost lost by the interposition there of a heavy duty; and no market has been found in the United States. Fruit-growing requires a large capital and years of waiting. Tobacco cultivation and manufacture need abundant means and great skill to rival the well-established industry in Cuba. Winter vegetables would be extremely profitable with quick transit to the States, but transit waits on production, and production on transit, and both on capital and enterprise.

Is it strange, then, that the rich soil of the Island is growing jungle, and the hearts of the people filled with discontent?

*Why Does the "Embargo" Continue?*—It would have been so easy to remedy all this by a simple repeal of the resolution, after its original purpose had been served, that one wonders why it has not been done long since. The people and friends of Porto Rico have beset the Committee for years, asking its repeal, but the laws of the Medes and Persians were not as immutable as this hasty and unconsidered enactment.

Whether the Committee still believes its "protection" is neces-



sary; whether it is reluctant to take the back track; or whether it is afraid of being esteemed a "tool of the Trusts," no one knows. But the mischief it has unwittingly done can still be repaired, though it may take many years to restore the happy prospect of four years ago. The Porto-Ricans have lost faith, and the Americans have lost interest; the substantial conditions, however, remain as favorable as ever, and time and opportunity may revive the brightest hopes ever entertained for "Puerto Rico," the "Rich Gate" of the West Indies and the Spanish Main. Some of these conditions, and some of the dreams of the Island's future once cherished by the writer, may serve to lighten this gloomy picture of "Porto Rico as it is."

*Porto Rico's Expectations Before the Embargo.*—The following memoranda were made by the writer in the spring of 1900, before the "restrictions" were imposed:

"I. We import into the United States annually nearly \$300,000,000 worth of tropical products, mainly from countries much more remote than Porto Rico.

"II. Porto Rico is the only tropical territory belonging to the United States except Hawaii, which is too far distant to be of any importance to the Atlantic Coast. It is also the only tropical region, again excepting Hawaii, which has free trade with the United States.

"III. Under the present tariff, free trade is an enormous bounty on many tropical products. For instance, on oranges and other citrus fruits the tariff is one cent per pound, which on a mature orange grove in good condition would amount to at least \$200 per acre for each crop of fruit.

"IV. Labor in the Island is very cheap, and will always be abundant. American conditions of security for the returns of labor, and enterprise for the employment of it, will attract laborers from all the other islands and from the near-by mainlands. The native labor is very good considering the climate; the writer employed some thousands of men in road-making during the Spanish War, and found them remarkably faithful and efficient.

"V. Cultivation in Porto Rico can be devoted almost entirely to exportable crops. The Island cannot afford to grow its own food, since by growing more valuable products for exportation it can import its food-supplies in quantities much greater than it could raise. For instance, one acre of winter vegetables sold in New York will buy at least ten acres of potatoes, beans, etc., grown in the States; one acre of sugar will buy from eight to twelve acres of wheat; an acre of oranges, bananas or pineapples will buy ten to twenty acres of corn or cotton.

"The new conditions of the Island,—that is, the opening of trade with the United States, freedom, good government, and free importation of food from the States,—will enable it to support a population more dense,

perhaps, than any other region in the world. Certainly five millions of people can live well on what the products of the Island will purchase. At present, not more than one-fourth of the soil is under cultivation, mainly for want of transportation in the interior. More than half the Island is in pasturage; and, though cattle-raising is profitable, these fertile lands will now come under the plow. Better methods of agriculture and horticulture will be introduced, and the general yield per acre greatly increased. American capital will soon flow into the Island and the rates of interest, which are now a crushing burden upon all enterprise, will be reduced to something like the American level.

"Another most important attraction which the Island will present, if the principles now governing American control are maintained in all their generosity, will be, probably, the lowest rate of taxation known in any civilized community.

"It costs us in the United States, men, women and children, from seven to ten dollars per head annually, as we are in peace or war, to be American citizens—that is, for the protection of 'life, liberty and the pursuit of happiness.' Porto-Ricans, while they have the same practical protection, pay nothing toward the support of the army and navy, the civil service, or for pensions, public debt, lighthouses, life-saving, or any of the functions or activities of the general Government of which they enjoy the benefit. They have no public debt of their own, and they have the benefit of all the customs collected on Porto-Rican imports, without any deduction for the cost of collection."

*Porto Rico as a Winter Resort and Residence.*—Whenever the people of the Island are well employed and properly fed, and their misery thus ceases to afflict the traveller, and when better accommodations are provided for travel, better steamers, railroads and hotels, Porto Rico will become a winter resort for Americans and Europeans, for pleasure and health. Its foreign aspect, its matchless scenery—a combination of the grandeur of the Alps and the beauty of the tropics—its delightful winter climate, and the courtesy and hospitality of its people, both rich and poor, will attract visitors by thousands.

The location of the Island at the gateway of the Caribbean Sea, and at the crossroads of the two great lines of commerce which will flow between North and South America and between Europe and the Pacific Ocean by the Isthmian Canal, must soon make it one of the world's great centres of commerce and exchange, and develop one or more great cities which will rival in population those of the Eastern tropics, and in healthfulness and many other attractions vastly surpass them.

There is a constant movement from the colder climates of the

world toward the warmer, and millions of people are seeking tropical or subtropical homes, but there are not many places that are attractive to cultivated people. Following the belt of the tropics around the earth, there are few regions that one would even stop to consider, and those few have generally some serious drawback; they are either too hot, too wet, or too distant from civilization, or they are badly peopled, misgoverned or habitually revolutionary. But, with Porto Rico properly improved, America can offer to the world an ideal semitropical refuge. It possesses the natural advantages of an even climate, never cold, and never hot as compared with the extremes of summer in our latitudes, and always tempered by the sea-breezes of the north-east trades; it is accessible from America in two days' sail. With these natural advantages, and the attraction of a peaceful, sociable and hospitable population, if it is provided also with railroads, schools and colleges, well-kept towns, and all the modern ameliorations of city and country life, it will draw travellers and settlers without limit.

The cheap water-power of the Island and the perpetual cheap labor, which is insured by the low cost of living, will make it one of the best places for manufacture in the world.

The current having once set towards Porto Rico, quicker steamers and better accommodations will be provided, and these in turn will increase the travel. The fashionable world, already tired of the old resorts, will flock to a new one. Many will build their own cottages or castles, and somewhere on the mountains of the Island there may arise a city of palaces like Bar Harbor or Newport.

Meanwhile, commerce will not be idle. The peculiarly favorable situation and conditions of the Island will point it out as the proper gathering and distributing centre for the trade of the West Indies and the neighboring mainlands. Lines of coasting steamers will connect it with the other islands and ports, and gather their products for the great liners which will call and the ocean tramps which will rendezvous in Porto-Rican harbors.

ROY STONE.